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NATIONAL INTELLIGENCE DAILY CABLE

Friday December 10, 1976

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**NATIONAL SECURITY INFORMATION**

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National Intelligence Daily Cable for Friday December 10, 1976.

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The NID Cable is for the purpose of informing senior US officials.

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SPAIN: Moderates Defeat Radicals

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[] Radicals have failed in their efforts to move the Spanish Socialist Workers Party further to the left.

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[] During the Socialist congress this week, the relatively moderate party leadership defeated radical efforts to reinstall the "dictatorship of the proletariat" as the principal plank in the party's platform. The concept was dropped by the Socialists more than 40 years ago. The leadership also turned back demands that the Socialists refuse to support Prime Minister Suarez' political reforms unless the government meets certain conditions.

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[] The congress called for negotiations with the government to ensure that the legislative election next spring is not manipulated by rightists at the local level. The party asserted that it will back demands made by the opposition last month--including legalization of the Communist Party. If these conditions are not met, however, the party's national committee will have the authority to reach a compromise with the government on participation in the election.

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[] As expected, the congress called for abstention in the referendum to be held next Wednesday. This is largely a symbolic gesture because the government will probably win a comfortable majority on its reform proposals.

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[] Congress pronouncements indicate that the Socialists have not resolved their dilemma over whether or not to support the government's moves toward democratization. If they are to participate effectively in the legislative election, however, they must make a decision.

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[] The relatively moderate composition of the newly elected executive committee and hints dropped by party leaders make it seem more likely that the Socialists will work out some form of compromise with the government. If so, the party stands to lose part of its left wing and some of its worker support to the Communists.

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[] The party's left wing will draw little comfort from the congress' pronouncements on foreign policy, which largely reiterated earlier party positions. The congress called for a

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US withdrawal from its bases in Spain, denounced US "imperialism" in Latin America, condemned the Spanish retreat from Western Sahara, and rejected both NATO and the Warsaw Pact.

25X1 [] Socialist leaders have shown more flexibility on these issues in private, implying that the US bases and Spanish membership in NATO could be acceptable if endorsed by a freely elected government. []

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USSR-LIBYA: Qadhafi Visit Ends

25X1 [] The communique issued after Libyan President Qadhafi's visit to the USSR this week reflects substantial strengthening of bilateral ties over the past two years. Qadhafi, who was making his first trip to Moscow, was warmly received by Soviet leaders.

25X1 [] The four days of talks produced a shipping agreement that could increase Soviet merchant marine use of Libyan facilities, and agreements on cultural, economic, and technical cooperation.

25X1 [] The communique included several references to the importance of friendship and cooperation, which implied that the two sides may be working toward a protocol on consultations or principles to mark a new phase in Soviet-Libyan relations. At this juncture, however, neither side is likely to be interested in a formal friendship treaty that would suggest a more tangible relationship.

25X1 [] The statement also disclosed the differences that continue to separate the two countries:

--There was no mention of the Geneva conference on the Middle East, which Qadhafi denigrated in his public remarks in Moscow.

--References to Israel were relatively soft, presumably a concession to Soviet efforts to return the protagonists in the Middle East to the Geneva forum.

--The failure to refer to the Palestine Liberation Organization as the sole representative of the Palestinian people as well as the handling of the issue of Palestinian statehood were certainly dictated by Libyan ties with the more radical fedayeen groups.

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Although the Libyan armed forces commander played a prominent part in the talks, the communique carried no specific reference to military ties. Libya has been able to absorb only a fraction of the substantial amounts of military equipment it has acquired from the USSR during the past two years. Most of this material is in storage, and Qadhafi's plans to expand his forces are limited by Libya's small pool of manpower with technical skills.

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AUSTRALIA: Uranium Policy

25X1 [] //In contrast to the restrictive policies of its predecessor, the year-old Fraser government favors early development of Australia's vast uranium resources. The government is moving cautiously because the issue is highly controversial, but has already allowed resumption of some uranium mining.//

25X1 [] //If existing curbs on exports and on mining in the Northern Territory are lifted, Australia will become a major supplier of uranium within the next decade. Consumer countries are relying on these supplies.//

25X1 [] //Australia has about one fifth of the uranium reserves outside Communist countries. With no plans for a nuclear power industry within the next 10 years, the Australians could export nearly all their uranium output. If the government allows producers to carry out their present plans, Australia could be exporting several thousand tons of uranium oxide annually by the end of the decade. Uranium then would become Australia's number-one export, bringing in over \$1 billion annually.//

25X1 [] //The uranium industry foundered between 1972 and 1975 under the energy policies of the Labor government. Uranium exports were banned, exploration activity fell off, and no mining occurred. In late 1974, the government established federal ownership of all deposits in the Northern Territory--where 80 percent of the country's reserves are located--and banned additional foreign equity in uranium exploration and development.//

25X1 [] //Shortly after taking office in December 1975, the Liberal-Country government began lifting some of these restrictions. Discarding the Labor government's aim of eventual 100 percent government ownership of the uranium industry, the new government instructed the Australian Atomic Energy Commission to sell the shares in uranium companies it had acquired in 1974.//

25X1 [] //Last January, the government withdrew from all uranium exploration and turned the job over to private companies. Uranium mining outside the Northern Territory resumed in March, and the ban on foreign investment in new uranium projects

was lifted the following month. Foreign ownership still is limited to a maximum of 25 percent. The government also retains strict control over safeguards and marketing regulations.//

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[] //Uranium development has become one of Australia's hottest public issues. Some public opinion polls indicate that a majority of the population favors uranium development for use in nuclear power; others show that Australians think nuclear development would have harmful effects on future generations.//

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[] //Many unions are vehemently opposed to all uranium mining. This past summer, unions prevented the Mary Kathleen Uranium Company from shipping 45.4 tons of uranium oxide that had been contracted by the US in 1970. Rather than forcing a showdown with the unions, the government arranged to borrow uranium oxide from a British stockpile to meet the company's commitment.//

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[] //The government has put off two politically sensitive policy decisions--whether to allow mining in the Northern Territory and whether to permit uranium exports--pending the outcome of a special environmental inquiry by a commission charged with forming guidelines for Australian uranium policy. The commission recently gave tacit approval for changing export policy and for mining outside the Northern Territory, but also recommended stringent safeguards, government controls, and further public debate. A second report, dealing specifically with the Northern Territory, will not be ready until after the first of the year.//

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[] //The government, meanwhile, will continue removing impediments to uranium development. Since the commission's first report, Canberra has announced that existing export sales commitments will be met, subject to the guidelines of the Nuclear Nonproliferation Treaty, and that projects outside the Northern Territory may proceed with environmental impact studies, a necessary prelude to mining approval. []

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CIEC: Ministerial Postponed

25X1 [] //The participants in the Conference on International Economic Cooperation have decided to postpone the ministerial review scheduled for December 15. The conference was organized last year to discuss energy issues and development problems.//

25X1 [] //The conference chairmen, Allan Maceachen of Canada and Manuel Perez Guerrero of Venezuela, agreed last week to a compromise formula for delaying the meeting--a course favored by almost all of the participants--that circumvented attribution of responsibility for the delay.//

25X1 [] //The Europeans expected that the OPEC states would cite an acrimonious ministerial meeting to help rationalize the oil price increase expected later this month. Many of the developing states, although disappointed with the lack of progress in the conference, think they may still obtain some of their demands in later negotiations and were thus not willing to jeopardize the scheduling of future talks.//

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[redacted] //The change in US administrations and the lack of progress among the EC states on reaching an agreed position have been cited by industrialized and developing states as justification for the delay. Most participants, however, recognized that little substantive progress has in fact been made in the talks and that a ministerial conference would have almost inevitably degenerated into an acrimonious confrontation.//

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[redacted] //The principal differences between developed and developing countries in the CIEC discussions include:

--The OPEC countries, faced with objections from all of the industrialized and some of the developing states, seek formal recognition of their right unilaterally to set oil prices. OPEC states also want their purchasing power to be guaranteed by the developed countries.

--The industrialized and developing countries still disagree on maintaining the prices of raw materials in relation to inflation.

--The industrialized countries have refused to meet the developing countries' demands for automatic debt relief. The industrialized countries and those developing countries that depend on private credit advocate a case-by-case consideration of debt problems.

--The developing countries seek firm assurance that each industrialized country will allocate seven tenths of 1 percent of its gross national product to development assistance by 1980. [redacted]

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LEBANON: Eight-man Cabinet

Lebanon's newly appointed Prime Minister al-Huss announced formation of an eight-man cabinet of technocrats yesterday. Fuad Butrus will head the foreign and defense ministries and Salah Salman will be in charge of the ministries of interior and housing. Al-Huss himself will be responsible for the ministries dealing with economic reconstruction--economy, trade, industry, and oil.

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[] The appointment of non-political figures underscores President Sarkis' determination to retain as free a hand as possible in putting together programs for economic recovery and social welfare. The appointment of ministers from various religious affiliations conforms with Lebanon's tradition of distributing government posts on a sectarian basis.

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[] In the cabinet's first meeting yesterday, the ministers reportedly began preliminary discussions on issues related to post-war reconstruction. []

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